STATEMENT OF
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OF THE
DISABLED AMERICAN VETERANS
BEFORE THE
HOUSE VETERANS' AFFAIRS COMMITTEE
SUBCOMMITTEE ON HEALTH
MAY 22, 2003

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to present the views of the Disabled American Veterans (DAV) on long-term care programs conducted by the Department of Veterans Affairs (VA). As an organization of more than one million service-connected disabled veterans, DAV is concerned about VA's commitment to meet the needs of an aging veteran population and availability of specialized long-term care services.

As the veteran population ages, the need for VA extended care services is expected to significantly increase. According to the Government Accounting Office (GAO) report issued May 8, 2003, the veterans population most in need of nursing home care—veterans 85 years old or older—is expected to increase from almost 640,000 to over 1 million by 2012 and remain at that level through 2023. Veterans age 85 or older are especially likely to require either institutional long-term care or other types of home-based geriatric services. Because the rate of disability tends to increase progressively with age, the issue of long-term care continues to be an important one—especially for severely disabled veterans.

Public Law 106-117, the Veterans Millennium Health Care and Benefits Act, commonly known as the Millennium Act, enhances VA's medical benefits package and extends long-term care benefits to provide a full range of services. The Act requires VA to provide enrolled veterans access to a continuum of noninstitutional extended care services including geriatric evaluation, adult day health care, and respite care. VA also provides, as part of its extended care services, home based primary care, skilled home health care, and homemaker/home health aide services. As part of the Act, VA is also required to comply with the long-term care capacity provisions by ensuring that the staffing and level of extended care services provided nationally in VA facilities during any fiscal year is not less than the staffing and level for such services provided nationally in facilities during 1998.

As a result of the Millennium Act, VA must provide nursing home care to veterans with a service-connected disability rated 70 percent or more or veterans in need of such care for a service-connected disability. Care may be provided in a VA nursing home, or a nursing home where VA contracts for care, or in a home health setting. Nursing home care may be also be provided on a discretionary basis to other enrolled veterans. VA may also provide domiciliary care, which emphasizes rehabilitation and return to the community, to veterans that are determined to have no adequate means of support. Noninstitutional extended care services are part of the benefits package and should be available to all enrolled veterans.

Long-term care is a crucial component of VA's health care system providing a continuum of health care that is patient focused. VA reports that expects to meet patients' needs through not only in-house institutional care and contract care but also alternative health care delivery options such as adult day health care, home health care, respite and home-maker/home health aide services. VA states its goal is to help veterans maintain optimal health in the least restrictive environment and that it is committed to providing a variety of extended health care services so that veterans with long term care needs have access to different types of treatment depending on their specific needs. As a world class leader in health care VA's experience in delivering health care to the aging veteran population potentially will be of great importance to the entire nation.

Although VA is required to comply with the 1998 capacity levels for extended care services, the VA's fiscal year 2004 budget submission includes a proposal to allow VA to include all institutional and noninstitutional long-term care services to be counted toward meeting the capacity requirements of extended care services. VA believes the requirement that only VA-operated and VA-staffed extended care programs can be included to meet capacity levels is too restrictive and proposes all types of care including noninstitutional and contracted care be included to meet capacity requirements. VA argues that its emphasis on noninstitutional long-term care services is the optimal method of providing extended care services to veterans and therefore the law should be aligned with that policy.

DAV, as part of *The Independent Budget* (IB), is opposed to this proposal. While demand for long-term care services has been increasing, VA has been reducing its inpatient long-term care capacity and has failed to meet its statutory obligation to maintain capacity at the 1998 levels for extended care services. According to VA the average daily census in VA nursing home beds decreased from 13,426 in 1998 to 11,766 in fiscal year 2002. Although we support increasing a variety of alternative noninstitutional extended care services in VA, we believe VA also needs to maintain institutional beds and staffing levels at the 1998 levels as required by law. Although we agree that most elderly veterans would prefer to remain in the home setting with a variety of options to meet their long-term care needs, this is not always possible. Some veterans will undoubtedly require care in an institutional setting.

The President's fiscal year 2004 budget proposed increasing noninstitutional long-term care for VA by $77 million but proposed a cut in nursing home care by $198 million, eliminating 5,000 nursing home beds and cutting nearly 900 nursing home staff. We are concerned that this represents a dismantling of the inpatient long-term care program at a time when there is a projected increase in the need for such care. Significant reductions in the program may result in limited access for some veterans in need of VA's specialized inpatient long-term care services. VA seems decidedly intent on having as few inpatient nursing home beds available as possible. This may result in VA having to contract out for long-term care services for veterans who require this type of inpatient care, or veterans may have to seek care in the private sector. We continue to have concern about VA's oversight of contracted nursing home facilities and the quality of long-term care provided to veterans in the private sector. VA generally provides a more comprehensive level of care than in the private sector and has a vested interest in providing quality care to our nation's veterans. Few systems offer the comprehensive level of care VA is able to provide—ranging from acute care to home-based health care. For these reasons we

believe VA should ensure availability of inpatient nursing home beds for veterans who require such care.

VA's fiscal year 2004 budget submission also includes a proposal that would limit institutional long-term care benefits to Priority Group 1a veterans, veterans rated 70% or greater, and veterans whose service-connected disability necessitates nursing home care. VA believes that the current policy on long-term care significantly reduces nursing home care to other than Priority Group 1a veterans, unless the care is needed for post-acute rehabilitation or specialized care, respite, hospice, or geriatric evaluation and management in the nursing home setting. Enrolled veterans with a spinal cord injury/disease who require nursing home care would also be a priority.

We are opposed to limiting institutional long-term care benefits to Priority Group 1a veterans. Given the clearly stated language in the Millennium Act related to capacity, we believe VA can and should provide institutionalized long-term care services to other service-connected disabled veterans in need of such care.

VA continues to struggle with the issue of long-term care. With a constrained budget, VA must weigh the needs of an aging veteran population against the high cost of providing inpatient long-term nursing home care. VA attempted to address the issue of long-term care needs in its Capitol Asset Realignment for Enhanced Services (CARES) initiative. Unfortunately, this important but complex issue has been currently put aside during this critical phase of CARES. According to GAO, the initial data and projections for nursing home needs exceeded VA's current nursing home capacity and were not consistent with VA's policy on long-term care. VA has indicated it is currently rethinking its policy on long-term care and plans to develop a separate process to provide projections for nursing home and community-based services. Additionally, it has plans to include long-term care needs in its strategic planning initiatives.

VA must develop a policy that is equitable across the system and meets the needs of aging veterans. As GAO pointed out in its May 8, 2003 report, "Until VA develops a long-term care projection model consistent with its policy, VA will not be able to determine if its nursing home care units in 131 locations and other nursing home care services it pays for provide equitable access to veterans now or in the future."

We are eagerly awaiting GAO's new report on long-term care due to be released as of this hearing date. It is unclear at this time if VA is providing all six noninstitutional extended care services evenly across its Networks. A May 16 article in the *Gainesville Sun* refers to a new GAO report on long-term care. According to the article, GAO investigators found that VA has failed to clarify that all hospital systems must offer home health services and that VA has not emphasized the importance in providing these services or encouraged Networks to make them a priority. The article indicated that out of 139 VA hospital systems, 126 do not offer all six available categories of outpatient long-term care services.

Although we must wait for the official GAO document before we can comment on these findings, we do have concerns that VA is not meeting the needs of veterans requiring extended

care services. Network Directors and local facility managers are ultimately responsible for understanding and complying with the law and making such services available to all eligible veterans. However, it is our experience that often times the field interprets statutes or directives from VA Headquarters incorrectly or differently across the Networks. Budget pressures also play a key role in determining what services become "priorities" in the field. Availability of services and limitation of the number of veterans who are allowed to participate in certain specialized programs often depends on the resources available at the local level to offer such services. We have also found that local facility directors are sometimes forced to ration certain types of specialized care depending on competing priorities within the Network. We hope that the new GAO report will discuss these and other important factors relating to the delivery of long-term care services in the VA health care system. We also hope the report confirms the unmet needs for specialized extended care services throughout the Networks and identifies the number of veterans waiting to receive such care.

We are also awaiting VA's report on the outcome of the pilot projects established under the Millennium Act to provide assisted living services through contract arrangements and to determine the effectiveness of different models of all-inclusive care to reduce the need for institutionalizing patients.

In closing, VA's challenge will be to meet the anticipated needs of aging veterans who require extended care services during a period of budget constraints. VA must assess patients' future long-term care needs and develop a sound strategy for meeting those needs. VA must live up to its statutory obligation to maintain its capacity to provide extended care services in VA facilities while exploring more community and home-based solutions as required by law. Congress must provide sufficient resources necessary to stop the downward trend of VA's inpatient long-term care program and meet the increasing demand for long-term care services. In our eyes, the issue of long-term care reinforces the need for mandatory funding for VA health care to ensure veterans access to a full continuum of care. VA must ensure that long-term care programs are fully integrated into the health care system and that services are universally available and not restricted. As VA develops its strategic planning model for long-term care programs, it must be designed to effectively deliver services equitably throughout the Networks. But most important, VA must be responsive to patient care needs.

Finally, we thank the Subcommittee for holding this hearing today and providing DAV the opportunity to express our views on this important issue.